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TO RUEHRL/AMEMBASSY BERLIN PRIORITY 0000
INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE
RUEHKL/AMEMBASSY KUALA LUMPUR 0000
RUEHGP/AMEMBASSY SINGAPORE 0000

S E C R E T STATE 107113

SIPDIS

E.O. 12958: DECL: 10/07/2033

TAGS: PARM PREL ETTC MTCRE KSCA GM IR ML SN
SUBJECT: MALAYSIA-BASED, IRANIAN-RUN PROCUREMENT FIRM
WORKS TO ACQUIRE GERMAN-ORIGIN TRANSDUCERS (S)

Classified By: ACTING ISN/MTR DIRECTOR RALPH PALMIERO FOR REASONS 1.4
(B) AND (D).

¶1. (U) This is an action request. Please see
paragraph 4.

¶2. (S) Background: The U.S. has information indicating that a Malaysia-based entity with ties to Iran's ballistic missile program was working to procure goods manufactured by the German firm Hottinger Baldwin Messtechnik (HBM) on behalf of Iranian end-users. Specifically, we understand that in early September 2008, Malaysia's Evertop Services, in coordination with Singapore's QT Instruments and Malaysia's Bio-Focus Saintifik, was making arrangements to receive a shipment of HBM transducers at its offices in Kuala Lumpur. We also understand that - in response to concerns HBM expressed related to this transaction - Evertop, QT Instruments and Bio-Focus Saintifik undertook efforts to ensure that HBM remained unaware that the ultimate end-user was Iranian. In addition to this activity, Evertop and Bio-Focus had been working since at least June 2008 to procure pressure gauges and other equipment from HBM, and in early August, Evertop's Iranian parent company was negotiating with QT Instruments for the purchase of HBM-supplied load cells. Although Evertop is based in Malaysia, it is an Iranian-run entity that has facilitated many transactions on behalf of Iranian end-users of concern, including the Shahid Hemmat Industrial Group (SHIG - Iran's primary liquid-propellant ballistic missile developer), and entities affiliated with Iran's unmanned aerial vehicle program.

¶3. (S) Objectives: We want to bring this information to the attention of FRG authorities in order to alert them to HBM's business relationship with Evertop and to urge German officials to carefully consider sales to Evertop or any affiliated entities during their export licensing deliberations.

¶4. (S) Action Request: Department requests Embassy Berlin approach appropriate host government officials to deliver talking points in paragraph 5. Talking points can be left as a non-paper.

¶5. (S) Begin talking points/non-paper:

(SECRET//REL GERMANY)

-- We would like to raise with you a matter of proliferation concern and request your government's assistance in investigating this activity.

-- We have information indicating that as of September 2008, Malaysia's Evertop Services, an entity that has been associated with the Shahid Hemmat Industrial Group

(SHIG), was engaged in efforts to procure goods from the German firm Hottinger Baldwin Messtechnik GmbH (HBM).

-- As you are aware, SHIG is Iran's primary developer of ballistic missiles and an entity designated by UN Security Council Resolution 1737.

-- Evertop Services is an Iranian-run procurement firm that has facilitated many transactions on behalf of Iranian end-users of concern, including SHIG and entities affiliated with Iran's unmanned aerial vehicle program.

-- We understand that in early September 2008, Evertop Services was making arrangements to receive a shipment of HBM-manufactured transducers at its offices in Kuala Lumpur.

-- While transducers have potential uses in ballistic missile and UAV programs, they are not controlled by any of the multilateral export control regimes and are widely used in many commercial applications.

-- Evertop Services is coordinating this activity with a Singapore-based firm, QT Instruments, and Malaysia's Bio-Focus Saintifik Sdn. Bhd.

-- We understand that, due to concerns HBM has expressed about this transaction, QT Instruments has worked with Evertop Services to produce end-user documentation that would be acceptable to HBM.

-- As part of this effort to satisfy HBM's concerns, Evertop Services has arranged direct shipment of these transducers to Bio-Focus Saintifik and taken efforts to ensure HBM is unaware that Evertop will retransfer them to Iran once the transducers are received from Bio-Focus Saintifik.

-- In addition to this effort to procure transducers, we understand that Evertop Services had been working with Bio-Focus Saintifik and QT Instruments since at least June 2008 to procure pressure gauges and other equipment from HBM.

-- Moreover, in separate activity, as of early August, Iran's Farazeh Equipment Distributor Company (FEDCO) was negotiating the purchase of HBM-supplied C-16 load cells with QT Instruments.

-- FEDCO is the parent company of Evertop and several other foreign firms it uses to procure electronic components and technology for Iranian entities.

-- While not specifically controlled under the Missile Technology Control Regime (MTCR) Annex, we believe Iran may intend to use these load cells in its development of missile ground support equipment.

-- We are bringing this information to your attention to alert you to Evertop's history of procurement for Iranian end-users and urge you to carefully consider sales to Evertop or any affiliated entities during your export licensing deliberations.

-- We look forward to hearing of any actions your government takes in response to this information.

16. (U) Please contact ISN/MTR's John Paul Herrmann with any questions or follow-up related to this case (202-647-1430 - herrmannjp2@state.gov or herrmannjp@state.sgov.gov) and slug reporting on this issue for ISN/MTR, EUR/CE, EUR/PRA and EAP/MTS.

17. (U) A Word version file of this document will be posted at www.state.sgov.gov/demarche.

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